

RECORDATION NO. 27182-A FILED

DEC 21 '07 -2 30 PM

SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

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OF COUNSEL
URBAN A. LESTER

December 21, 2007

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Termination of Security Interest, dated as of December 21, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 27182.

The names and addresses of the parties to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC
885 Second Avenue
49th Floor
New York, NY 10017

Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany

Mr. Vernon A. Williams
December 21, 2007
Page Two

A description of the railroad equipment covered by the enclosed document is:

226 railcars within the series CEFX 40115 - CEFX 40592 and 26 railcars within the series CEFX 95072 - CEFX 95716 as more particularly set forth in the attachment to the document.

A short summary of the document to appear in the index is:

Termination of Security Interest.

Also enclosed is a check in the amount of \$35.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/sem
Enclosures

DEC 21 2007 -2 30 PM
EXECUTION COPY

STATE OF NEW YORK SURFACE TRANSPORTATION BOARD

TERMINATION OF SECURITY INTEREST

THIS TERMINATION OF SECURITY INTEREST (this "Termination") is made this 21st day of December, 2007 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "Borrower") and **BAYERISCHE HYPO- UND VEREINSBANK AG**, as agent (the "Agent") for the banks under the Second Amended and Restated Security Agreement dated as of September 21, 2007 (as amended, supplemented or otherwise modified through the date hereof, the "Security Agreement"). Capitalized terms used in this Termination and not otherwise defined herein shall have the meanings (by cross-reference or otherwise) in the Security Agreement.

WHEREAS, the Security Agreement created a lien and security interest in favor of the Agent in and to the Units and the Qualifying Leases (each as defined in the Security Agreement);

WHEREAS, the Borrower is party to those certain Memoranda of Mortgage described in Exhibit I hereto, each copy of which was duly filed with the Surface Transportation Board (the "STB") (the "Memoranda of Mortgage"); and

WHEREAS, the Borrower and the Agent now desire to terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the Memoranda of Mortgage, as specified in Exhibit I hereto, and to record such termination and cancellation with the STB.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Agent, intending to be legally bound, agree as follows:

1. The Borrower and the Agent hereby terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the Memoranda of Mortgage, as specified in Exhibit I hereto, effective as of the date this Termination is filed with the STB (the "Effective Date"), and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Security Agreement in relation to the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the Memoranda of Mortgage, as specified in Exhibit I hereto, shall survive such termination and cancellation of the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the Memoranda of Mortgage, as specified in Exhibit I hereto, except with respect to acts, events, or omissions under the Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.

2. The Borrower and the Agent agree to record this Termination with the STB so as to release any security interest in and mortgage lien upon the property described in Schedule I and II to each of the Security Agreement Supplements and Exhibits A and B to each of the

[Termination of Security Interest]

Memoranda of Mortgage, as specified in Exhibit I hereto, created by or arising out of the Security Agreement.

3. The Borrower and the Agent agree and reaffirm that the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I and II to the Security Agreements and Exhibits A and B to the Memorandum of Mortgage that is not specified in Exhibit I hereto shall remain in full force and effect and shall not be released, terminated or cancelled by this Termination.

4. This Termination may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.

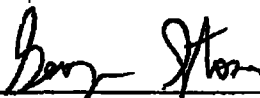
5. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

* * *

[Termination of Security Interest]

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: 
Name: George Stone
Title: Vice President

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not it its individual
capacity except as expressly provided herein,
but solely as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

[Termination of Security Interest]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On December 19, 2007, before me, Clementina Capasso, Notary Public, personally appeared George Stone, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

CLEMENTINA CAPASSO
NOTARY PUBLIC, STATE OF NEW YORK
No. 01CA6120806
QUALIFIED IN NEW YORK COUNTY
MY COMMISSION EXPIRES DEC. 27, 2008

Clementina Capasso
Notary Public

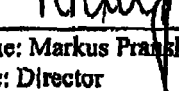
[Termination of Security Interest]

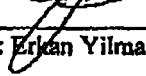
IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: _____
Name:
Title:

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

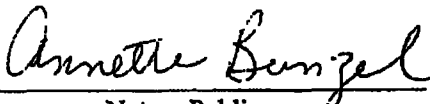
By:  _____
Name: Markus Pransky
Title: Director

By:  _____
Name: Erkan Yilmaz
Title:

[Termination of Security Interest]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Subscribed to me on this 20th day of December, 2007 by Markus Pransky,
Director of Bayerische Hypo- und Vereinsbank AG and Erkan Yilmaz, Director of Bayerische
Hypo- und Vereinsbank AG.



Notary Public

[Notarial Seal]

ANNETTE BUNZEL
Notary Public, State of New York
No. 24-4800690
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires April 30, 2011

[Termination of Security Interest]

Exhibit I to
Termination of Security Interest

Equipment

| SA Supp #/Memo Mortgage # | Lease # | Lessee | # of Units | Year Built/ Manufacturer | Description | Reporting Marks | Casualty Marks |
|---------------------------------|------------|---------------------------------|---------------|---|---|--------------------------------------|-------------------|
| 51 | 1 | CSX Transportati on, Inc. | 200 | 2007 by National Steel Car Limited | 42' Single Covered Coil Cars, 286,000 GRL, AAR Car Type Code E241 | CSXT 494500 - CSXT 494699, inclusive | None |

[Termination of Security Interest]

| SA Supp #/Memo Mortgage # | Lease # | Lessee | # of Units | Year Built/ Manufacturer | Description | Reporting Marks | Casualty Marks |
|---------------------------|---------|----------------|------------|---------------------------|---|--|----------------|
| 62 | 2 | Detroit Edison | 226 | 1998 by Johnstown America | 4480 CF Aluminum Rotary dump coal gondolas, 286,000 GRL, AAR Car Type Code J311 | CEFX 40115, 40122, 40126, 40127, 40132, 40138, 40141, 40143, 40146-40150, inclusive, 40153, 40155-40157, inclusive, 40164, 40165, 40167, 40178, 40181-40183, inclusive, 40186-40188, inclusive, 40190-40193, inclusive, 40196, 40199, 40201, 40204-40206, inclusive, 40208, 40219, 40223-40225, inclusive, 40228, 40229, 40234, 40236, 40238, 40239, 40243, 40245, 40246, 40248, 40249, 40253-40257, inclusive, 40259-40264, inclusive, 40266, 40268, 40273, 40276, 40278, 40279, 40282-40284, inclusive, 40286, 40287, 40293, 40295, 40298, 40299, 40302, 40306-40308, inclusive, 40311, 40317, 40318, 40320-40324, inclusive, 40326, 40327, 40329, 40331-40333, inclusive, 40335, 40337-40339, inclusive, 40341, 40342, 40347, 40348, 40352, 40353, 40355-40358, inclusive, 40360, 40361, 40364-40366, inclusive, 40368-40373, inclusive, 40375, 40376, 40378, 40380, 40381, 40386-40389, inclusive, 40392, 40393, 40395-40397, inclusive, 40399, 40400, 40402, 40404-40407, 40410, 40413, 40415, 40418, 40419, 40421, 40427-40429, inclusive, 40432, 40437, 40439-40441, inclusive, 40445-40447, inclusive, 40449, 40454, 40458-40460, inclusive, 40464, 40466-40468, inclusive, 40471, 40472, 40483, 40484, 40490, 40491, 40493, 40495, 40501, 40502, 40506, 40509-40511, inclusive, 40513-40515, inclusive, 40518, 40519, 40521, 40524, 40525, 40527, 40528, 40530, 40533-40535, inclusive, 40539, 40541-40543, inclusive, 40545, 40546, 40548-40550, inclusive, 40553, 40559, 40560, 40563-40565, inclusive, 40567, 40568, 40573, 40575, 40576, 40579, 40580, 40584, and 40587-40592, inclusive. | None |

[Termination of Security Interest]

| SA Supp #/Memo Mortgage # | Lease # | Lessee | # of Units | Year Built/ Manufacturer | Description | Reporting Marks | Casualty Marks |
|---------------------------|---------|--------------------------------|------------|--|---|--|----------------|
| 39 | 3 | Enterby Gulf States | 242 | 2006 by FreightCar America, Inc. | 4520 CF Aluminum body BethGon II Coal Porter railcars, 286,000 lbs. GRL, AAR car type code J311 | BNBX 120110-120126, inclusive; 120128-120132, inclusive; 120135-120239, inclusive; 120241-120265, inclusive; 120267, 120268, 120279-120283, inclusive; 120287-120292, inclusive; 120294-120313, inclusive; 120315-120327, inclusive; 120331-120374, inclusive. | None |
| 53 | 4 | Greenbrier Leasing Company LLC | 310 | 2006 by Trinity North American Freight Car, Inc. | 5161 CF through-sill triple hopper covered grain railcars, 286,000 GRL, AAR Car Type Code C114 | AOK 65500-65809, inclusive | None |

[Termination of Security Interest]

| SA Supp #/Memo Mortgage # | Lease # | Lessee | # of Units | Year Built/ Manufacturer | Description | Reporting Marks | Casualty Marks |
|---------------------------------|------------|---|---------------|-----------------------------|--|----------------------------|-------------------|
| 55 | 5 | Kansas City Southern Railway Company | 100 | 2007 by Gunderson | Five Unit Articulated Double- Stack Container Cars with 40-foot wells ("Maxi- Stack I" cars), AAR Car Type Code S160 | AOK 58140-58239, inclusive | None |

[Termination of Security Interest]

| SA Supp #/Memo Mortgage # | Lease # | Lessee | # of Units | Year Built/ Manufacturer | Description | Reporting Marks | Casualty Marks |
|---------------------------|---------|-----------------------|------------|---|--|--------------------------------|----------------|
| 50 | 6 | Knauf Insulation GNBH | 25 | 2006 by Trinity North American Freight Car, Inc | 3281 CF Cement Covered Hoppers, 286,000 GRL, with three (3) 30" circular loading hatches and two (2) Miner MKE 10183K gravity discharge outlets with gaskets, AAR Car Type Code C112 | GBRX 65425 - 65449, inclusive. | None |
| 50 | 7 | Lehigh Cement | 20 | 2006 by Trinity North American Freight Car, Inc | 3230 CF Pressure differential Covered Hoppers. 286,000 GRL, AAR Car Type Code C612 | GBRX 65030 - 65049, inclusive. | None |

[Termination of Security Interest]

| SA Supp #/Memo Mortgage # | Lease # | Lessee | # of Units | Year Built/ Manufacturer | Description | Reporting Marks | Casualty Marks |
|---------------------------|---------|--------------------------|------------|---|---|---|----------------|
| 62 | 8 | Phoenix Cement | 26 | 3 - 1999, 22 - 2000, 1 - 2001 by Thrall | 3230 CF PD Covered Hoppers, 286,000 GRL, AAR Car Type Code C612 | CEFX 95072, 95080, 95084, 95397, 95432, 95448 - 95450 inclusive, 95469, 95475, 95476, 95485-95495 inclusive, 95497, 95498, 95500, and 95716 | None |
| 53 | 9 | Riverside Cement Company | 20 | 2006 by Trinity North American Freight Car, Inc | 3230 CF Pressure Differential Covered Hoppers. 286,000 GRL, AAR Car Type Code C612 | GBRX 65000-65019, inclusive. | None |
| 50 | 10 | Soo Line | 25 | 2006 by Trinity North American Freight Car, Inc | 112 ton, 42-ft Coil Steel railcars with continuous trough coil covers and movable crossbars, AAR Car Type Code E241 | AOK 34375 - 34399, inclusive. | None |

[Termination of Security Interest]

| SA Supp #/Memo Mortgage # | Lease # | Lessee | # of Units | Year Buil/ Manufacturer | Description | Reporting Marks | Casualty Marks |
|---------------------------|---------|----------------------------|------------|---|---|--------------------------------|----------------|
| 49 | 11 | Superior Wells Services | 20 | 2006 by Trinity North American Freight Car, Inc | 3281 CF Covered Hoppers, 286,000 GRL, AAR Car Type Code C112 | BNBX 120750-120769, inclusive. | None |
| 37 | 12 | Tennessee Valley Authority | 125 | 2006 by FreightCar America, Inc | 4200 CF Aluminum body Rotary AutoFlood III™ open top coal hoppers, 286,000 lbs. GRL, AAR Car Type Code K341 | TVAX 26000-26124, inclusive | None |

NEWYORK/1889752

[Termination of Security Interest]

| SA Supp #/Memo Mortgage # | Lease # | Lessee | # of Units | Year Built/ Manufacturer | Description | Reporting Marks | Casualty Marks |
|---------------------------|---------|----------------------------|------------|---------------------------------|---|------------------------------|----------------|
| 38 | 13 | Tennessee Valley Authority | 125 | 2006 by FreightCar America, Inc | 4200 CF Aluminum body Rotary AutoFlood III™ open top coal hoppers, 286,000 lbs. GRL, AAR Car Type Code K341 | TVAX 26125-26249, inclusive. | None |

This Termination shall affect and pertain only to the Equipment described above and the terms and conditions of the Security Agreement shall remain in full force and effect upon all other Equipment and property described in the Security Agreement and not subsequently released.